

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0950-01
Bill No.: HB 234
Subject: Children and Minors: Education, Elementary and Secondary; Elementary and Secondary Education Dept; Teachers
Type: Original
Date: February 24, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Up to \$14,310,058)	(Up to \$15,035,300)	(Up to \$15,035,300)
Total Estimated Net Effect on General Revenue Fund	(Up to \$14,310,058)	(Up to \$15,035,300)	(Up to \$15,035,300)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Conservation Commission	Not Expected To Exceed (\$100,000)	Not Expected To Exceed (\$100,000)	Not Expected To Exceed (\$100,000)
Highway Fund	(Up to 4,200,798)	(Up to \$5,040,958)	(Up to \$5,040,958)
Aviation Trust Fund	(Up to \$5,336)	(Up to \$6,404)	(Up to \$6,604)
Rail Expense Fund	(Up to \$7,753)	(Up to \$9,303)	(Up to \$9,303)
State Transportation Fund	(Up to \$639)	(Up to \$767)	(Up to \$767)
Total Estimated Net Effect on Other State Funds	(Up to \$4,319,854)	(Up to \$5,163,825)	(Up to \$5,163,825)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Federal Funds	(Up to \$4,782)	(Up to \$5,738)	(Up to \$5,738)
Motor Carrier Federal Fund	(Up to \$7,232)	(Up to \$8,679)	(Up to \$8,679)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Up to \$12,014)	(Up to \$14,417)	(Up to \$14,417)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)	(Expected to Exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** stated that this proposal would have no fiscal impact on their agency.

Officials from the **Department of Labor and Industrial Relations** stated that this proposal would have no direct fiscal impact on their agency, but that productivity would be affected.

Officials from the **Department of Conservation (MDC)** stated that the proposed legislation would appear to have fiscal impact on MDC funds that would not exceed \$100,000 annually.

Officials from the **Department of Transportation (MoDOT)** assumes that 6,275 MoDOT employees would be eligible to receive an additional four hours of paid leave. MoDot is unable to determine the employees that have children in kindergarten through twelfth grade or the number of employees that would utilize the program so a range has been used for the fiscal impact. The average hourly salary for all MoDOT employees is \$16.86, therefore the annual fiscal impact could be \$5,078,232 [\$16.86 (average annual salary) X 6,275 (eligible employees) X 48 (additional hours per year)].

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Personnel (OA-DP)** provided the following assumptions:

The Office of Administration, Division of Personnel administers the leave rules for the executive branch agencies of Missouri State government. Non-executive branch entities also follow the leave rules. The proposed legislation, if enacted, would require a change in the leave rules to accommodate the four hours of paid leave per month to which employees would be entitled. The Office of Administration also administers the payroll system and would have to establish additional "leave events" for tracking the leave usage by employee. This is necessary to accurately calculate overtime under the provisions of the Fair Labor Standards Act.

There are 48,000 state employees under the age of 50. OA-DP assumes that 50% of the employees under the age of 50 have children in school and would participate in this program. The estimated average hourly wage is \$14.00 per hour. The calculation is as follows

Number of Employees Under Age 50		24,000
Hours per Year of "School Leave"		
(9 months @ 4 Hours per month)	x	36
Total Estimated Hours per Year	=	864,000
Average Hourly Rate	x	\$14.00
Estimated Cost	=	\$12,096,000
Benefits (18.26%)	+	<u>\$ 2,208,730</u>
Estimated Annual Salary and Benefits	=	\$14,304,730

OA-DP assumes the first year would include a nine month (school year) impact. The above figures are based on 4 hours of paid leave per month per employee over the course of a nine month school year. Also, the GR impact only is provided on the fiscal note worksheet, as OA-DP did not want to combine Federal and other into federal funds. On the fiscal estimate worksheet, the estimated benefits were changed to 18.26%, the estimated percentage amount of benefits tied to salaries. These benefits do not include health care and life insurance, which would not increase as employees use leave under the proposed legislation.

OA-DP further states that although the additional time off could be perceived as not being a "cash outlay" to the state, any time an employer pays employees for not working it is an

additional cost to that employer in the form of productivity that is lost. The costs calculated for

ASSUMPTION (continued)

this proposal represent the amount the state would not be paying out if the employees had to take time off without pay to work with their children in school.

Oversight notes that the Department of Transportation has based their calculations on a twelve month period and Office of Administration has based their calculations on a nine month school year. Since the language in the proposal is unclear whether the paid leave provision applies to summer school or other programs, the calculations have not been changed for fiscal note purposes.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Cost</u> - Salary and Benefits	(\$14,304,730)	(\$15,028,907)	(\$15,404,629)
<u>Cost</u> - Salary and Benefits attributed to Department of Transportation	<u>(Up to \$5,328)</u>	<u>(Up to 6,393)</u>	<u>(Up to \$6,393)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Up to \$14,310,058)</u>	<u>(Up to \$15,035,300)</u>	<u>(Up to \$15,035,300)</u>
CONSERVATION COMMISSION			
<u>Cost</u> - Salary and Benefits	(Not Expected To Exceed <u>\$100,000)</u>	(Not Expected To Exceed <u>\$100,000)</u>	(Not Expected To Exceed <u>\$100,000)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION	<u>(Not Expected To Exceed \$100,000)</u>	<u>(Not Expected To Exceed \$100,000)</u>	<u>(Not Expected To Exceed \$100,000)</u>
HIGHWAY FUND			
<u>Cost</u> - Salary and Benefits	(Up to <u>\$4,200,798)</u>	(Up to <u>\$5,040,958)</u>	(Up to <u>\$5,040,958)</u>

ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(Up to \$4,200,798)</u>	<u>(Up to \$5,040,958)</u>	<u>(Up to \$5,040,958)</u>
	FY 2004 (10 Mo.)	FY 2005	FY 2005
AVIATION TRUST FUND			
<u>Cost</u> - Salary and Benefits	<u>(Up to \$5,336)</u>	<u>(Up to \$6,404)</u>	<u>(Up to \$6,404)</u>
ESTIMATED NET EFFECT ON AVIATION TRUST FUND	<u>(Up to \$5,336)</u>	<u>(Up to \$6,404)</u>	<u>(Up to \$6,404)</u>
RAIL EXPENSE FUND			
<u>Cost</u> - Salary and Benefits	<u>(Up to \$7,753)</u>	<u>(Up to \$9,303)</u>	<u>(Up to \$9,303)</u>
ESTIMATED NET EFFECT ON RAIL EXPENSE FUND	<u>(Up to \$7,753)</u>	<u>(Up to \$9,303)</u>	<u>(Up to \$9,303)</u>
STATE TRANSPORTATION FUND			
<u>Cost</u> - Salary and Benefits	<u>(Up to \$639)</u>	<u>(Up to \$767)</u>	<u>(Up to \$767)</u>
ESTIMATED NET EFFECT ON STATE TRANSPORTATION FUND	<u>(Up to \$639)</u>	<u>(Up to \$767)</u>	<u>(Up to \$767)</u>
<u>FISCAL IMPACT - Federal Funds</u>			
FEDERAL FUNDS			
<u>Cost</u> - Benefits	<u>(Up to \$4,782)</u>	<u>(Up to \$5,738)</u>	<u>(Up to \$5,738)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Up to \$4,782)</u>	<u>(Up to \$5,738)</u>	<u>(Up to \$5,738)</u>
MOTOR CARRIER FEDERAL FUNDS			
<u>Cost</u> - Benefits	<u>(Up to \$7,232)</u>	<u>(Up to \$8,679)</u>	<u>(Up to \$8,679)</u>

**ESTIMATED NET EFFECT ON
 MOTOR CARRIER FEDERAL
 FUNDS**

(Up to \$7,232) (Up to \$8,679) (Up to \$8,679)

FISCAL IMPACT - Local Government

FY 2004
 (10 Mo.)

FY 2005

FY 2006

POLITICAL SUBDIVISIONS

(Expected to
 Exceed
\$100,000)

(Expected to
 Exceed
\$100,000)

(Expected to
 Exceed
\$100,000)

**ESTIMATED NET EFFECT ON
 POLITICAL SUBDIVISIONS**

**(Expected to
Exceed
\$100,000)**

**(Expected to
Exceed
\$100,000)**

**(Expected to
Exceed
\$100,000)**

FISCAL IMPACT - Small Business

Small businesses could expect a significant fiscal impact as a result of this proposal.

DESCRIPTION

This proposal establishes the Missouri 4 for More Program within the Department of Elementary and Secondary Education to permit parents, guardians, and step-parents of students, at their option, to receive four hours of paid leave per month to work in their child's school with their child. Participants will receive a written statement of participation from the school district.

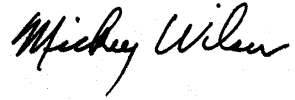
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
 Office of Administration
 Division of Personnel
 Department of Labor and Industrial Relations
 Department of Conservation
 Fiscal Services Section
 Department of Transportation

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Division of Resource Management

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 24, 2003